

Message Text

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PAGE 01 STATE 109995
ORIGIN ARA-03

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APPROVED BY: ARA:SPWILKINSON

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FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

UNCLAS STATE 109995

INFORM CONSULS

FOLLOWING REPEAT SANTO DOMINGO 2188 ACTION SECSTATE INFO
GENEVA AND LONDON DATED APRIL 27, 1978.

QUOTE: UNCLAS SANTO DOMINGO 2188

DEPT PLEASE PASS TO ALL ARA DIPLOMATIC POSTS

E.O. 11652: N/A

TAGS: OAS, ETRD, EAGR, XM, DR

SUBJECT: OAS/CECON SESSION - U.S. STATEMENT ON SUGAR POLICY

1. US DEL (E. ALLAN WENDT) OPENED 4/26/78 AFTERNOON SESSION WITH
GENERAL STATEMENT REGARDING U.S. SUGAR POLICY. STRESSING THE
COMPLEXITY AND SENSITIVITY OF THE ISSUE, HE NOTED THAT DEPRESSED
PRICES HAVE HAD A DETRIMENTAL IMPACT ON PRODUCERS IN ALL COUN-
TRIES REPRESENTED AT THIS OAS MEETING. HE NOTED THAT THE UNITED
STATES, AS A MAJOR CONSUMER, IMPORTER AND PRODUCER OF SUGAR HAD A
DIVERSITY OF INTERESTS, BOTH DOMESTIC AND INTERNATIONAL WHICH IT
NEEDED TO ADDRESS IN SEEKING SOLUTIONS TO THIS ISSUE. WE HAD
SOUGHT SUCH SOLUTIONS THROUGH THE INTERNATIONAL SUGAR AGREEMENT
(ISA), WHICH REMAINS THE BASIS OF U.S. SUGAR POLICY. WE ARE NOW
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ACTIVELY WORKING FOR RATIFICATION OF THE ISA IN ACCORDANCE WITH
OUR CONSTITUTIONAL PROCEDURES. THIS PROCESS HAS NOT PROVEN EASY,
BUT WE ARE CONFIDENT THAT RATIFICATION CAN BE ACHIEVED BY
JULY 1. THE IMPORTANT POINT TO KEEP IN MIND IS THAT WE REMAIN
FULLY COMMITTED TO RATIFICATION AS WELL AS TIMELY IMPLEMENTATION
OF THE AGREEMENT'S PROVISIONS.

2. IN ORDER TO SATISFY VARIOUS CONCERNED ELEMENTS IN OUR BODY
POLITIC AND ASSURE CONGRESSIONAL CONSIDERATION OF THE ISA, WE
HAVE FOUND IT NECESSARY TO DEVELOP PROPOSALS FOR BACKUP LEGISLA-
TION IN CASE THE ISA DOES NOT PERFORM AS EXPECTED. OUR OBJECTIVE
IS TO ENSURE THAT SUCH LEGISLATION IS COMPATIBLE WITH THE ISA'S
PROVISIONS
AND DOES NOT INTERFERE WITH THE SMOOTH FUNCTIONING OF
THE AGREEMENT. WE ARE STUDYING A VARIETY OF OPTIONS AND POLICY AP-
PROACHES WITH RESPECT
TO BACKUP LEGISLATION. NO DECISIONS HAVE BEEN REACHED.
OPTIONS MIGHT INVOLVE IMPORT FEES AND PERHAPS DIRECT PAYMENTS TO
U.S. PRODUCERS OR PROCESSORS OR SOME FLEXIBLE COMBINATION OF FEES
AND PAYMENTS. WE ARE AWARE OF THE SERIOUS CONCERN OF SUGAR
EXPORTING COUNTRIES REGARDING FIXED FEES. WE ARE THEREFORE
CONSIDERING A MECHANISM FOR DOWNWARD ADJUSTMENT OF FEES AS WORLD
SUGAR PRICES RISE UNDER THE ISAJ WE ARE HOPEFUL SUCH A
MECHANISM CAN BE ADOPTED.

3. RE ITC RECOMMENDATIONS: THE PRESIDENT IS NOT OBLIGED TO
ACCEPT THE RECOMMENDATIONS OF THE ITC. FURTHERMORE, THERE IS NO
PROVISION FOR CONGRESSIONAL OVERRIDE. WE HAVE THE ITC REPORT,
AND WILL CONSIDER ITS RECOMMENDATIONS, ALONG WITH OTHER POLICY
OPTIONS, IN THE CONTEXT OF THEIR RELATIONSHIP TO THE ISA. IN ANY
CASE, THE RECOMMENDATIONS WILL NOT AFFECT U.S. DETERMINATION TO RATIFY

THE ISA AND IMPLEMENT ITS PROVISIONS.
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AXELROD UNQUOTE VANCE

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Message Attributes

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